

Applicable Personal Property Codes

Note: * 2010, due May 17, 2010 due to May 15 falling on the weekend

Small Business Personal Property Exemption from Property Tax under Utah Code Ann Section 59-2-1115

Tangible personal property of a taxpayer is exempt from taxation if the property has a total value for 2010 of \$3,800 or less. **Important note:** This exemption is determined by ownership. If you have tangible personal property at different locations and file more than one personal property statement in Davis County, your eligibility will be determined based on the total value of all tangible personal property at all locations. **Caution:** Exemption will not be given when we have had to estimate the value of your equipment and you have not filed a list of you equipment as required. Taxpayer must sign for exemption in appropriate section provided on the front page of the Personal Property Statement and return paperwork to our office no later than **May 17, 2010**. If prior year's taxes are outstanding, no exemption will be given unless check for delinquent taxes accompanies the paperwork. If you qualify for the \$3,800 exemption by filing in a timely manner and signing in the exemption box, and yet send a check for taxes, we will process your check.

2010 Exemption of individual item of personal property per Utah Code 59-2-1115

An item of taxable tangible personal property is exempt from taxation in 2010 if the "**acquisition cost**" (*see definition below) of that "**item**" (**see definition below) was \$1,000 or less and is currently valued at a percent good of 15% or less. The exemption **only applies** to personal property valued by personal property schedules having reached a percent good rate of 15% or less. **Note the definition of an item of taxable tangible personal property and what should be included in acquisition cost.

Definitions:

***Acquisition Cost defined:**

Cost of Acquisition must include all costs required to put an item into service. In addition to the cost of the item you must include the following costs.

1. Freight in, includes shipping costs, loading at origin, unloading at destination, crating, skidding and other applicable costs of shipping, skidding and others.
2. Installation, engineering, rigging, erection or assembly to include foundations, pilings, utility connections, any other such costs.
3. Excise and sale or use taxes.
4. Any other costs related to putting personal property into service are to be included in acquisition cost.

***Refer to Utah Code Ann. 59-2-108**

****Item of Taxable Tangible Personal Property defined:**

An item of taxable tangible personal property means equipment, machinery, furniture or other tangible personal property that is functioning at its highest and best use for the purpose it was designed and constructed and is generally capable of performing that function without being combined with other items of personal property. An item of taxable tangible personal property is not an individual component part of a piece of machinery or equipment, but item of machinery or equipment as a whole. For example, a fully functioning computer is an item of taxable tangible personal property but the motherboard, hard drive, tower or sound card are not.

Note: New Classification began in Tax Year 2009 - Utah Code 59-2-108 -

Class 4: Short Life Expensed Personal Property: An item of personal property having an acquisition cost of \$1,000.00 or less (note definition of acquisition cost and **item) and assessed by the Class 4 Personal Property Schedule.

"Expensed Personal Property" is an item of personal property that has an acquisition cost of \$1,000 or less and has been placed in Class 4: Short life expensed personal property must meet the above definition of "item" and must cost \$1,000.00 or less having complied with the above definition of acquisition cost. It may include items from the following three classes: **Short life Property as identified in Class 1; Short Life Trade Fixtures as identified in Class 3 and Computer Hardware as identified in Class 12.**

Please note:

- ❖ Any person who elects to designate personal property as "Expensed Personal Property" (Class 4) if selected for State Audit in accordance with Subsection 59-2-306(3) would need to provide proof of the acquisition cost of all expensed personal property to the State auditor.
- ❖ Any person who sells or disposes an item of taxable tangible personal property which they designated as expensed must continue to pay taxes on such property for the term (5 years) of the expensed schedule (i.e. through the residual year) and at the designated per cent good rates. Transfers of equipment purchased prior to 2008 into the expensed schedule must remain on the Class 4 schedule through the residual year.
- ❖ Any person who elects to designate personal property as expensed property may not appeal the value of that property.

Additional pertinent legislative changes/reminders:

- ❖ **Due date of Signed Statement:** (Utah Code 59-2-306(2)(a)) A signed statement "shall be filed on or before May 17 of the year the statement ... is requested by the county assessor."
- ❖ **Penalty for failure to file signed statement:** (Utah Code 59-2-307) "Each person who fails to file the signed statement required by Section 59-2-306 ... shall pay a penalty equal to 10% of the estimated tax due **but not less than \$100** for each failure to file a signed and completed statement.
- ❖ **CERTIFIED MAIL NOTIFICATION no longer required to notify taxpayer of impending penalty.** (Utah Code 59-2-307(2)(b)) "The penalty under Subsection (1) (a) ... may not be imposed until 30 days after the **postmark date** of mailing of a subsequent notice." That subsequent notice will be mailed in a timely manner prior to the filing deadline of May 17, 2010therefore the late filing penalty will be " applied to all accounts that have not filed by May 17, 2010. The penalty is not appealable."

Please note: Due to legislative changes that took effect in 2009, the 2010 Personal Property forms are more complex. We have trained staff available to answer your questions on the phone or in person. We appreciate your patience as our phone volume is extremely high. Our office hours are 8 a.m. to 5 p.m. Monday through Friday.